

IOWA **Department of REVENUE**

December 2011 Fiscal Committee Sales Tax Delinquencies

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Sales Tax Liabilities and Collections

Fiscal year	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	Total
Beginning balance	30.2	30.9	37.9	35.4	38.8	42.3	40.2	42.3	49.1	51.0	64.1	71.9	30.2
New liabilities	41.5	51.5	63.9	48.7	44.9	39.9	67.2	67.2	64.4	74.1	90.0	100.8	754.1
collections	(20.6)	(24.9)	(22.0)	(25.3)	(19.5)	(25.1)	(24.3)	(29.9)	(32.6)	(33.6)	(49.5)	(36.4)	-343.7
Net adjustments	<u>(20.2)</u>	<u>(19.6)</u>	<u>(44.4)</u>	<u>(20.0)</u>	<u>(21.9)</u>	<u>(16.9)</u>	<u>(40.8)</u>	<u>(30.5)</u>	<u>(29.9)</u>	<u>(27.4)</u>	<u>(32.7)</u>	<u>(52.1)</u>	<u>-356.4</u>
balance	\$ 30.9	\$ 37.9	\$ 35.4	\$ 38.8	\$ 42.3	\$ 40.2	\$ 42.3	\$ 49.1	\$ 51.0	\$ 64.1	\$ 71.9	\$ 84.2	\$ 84.2
delinquent accounts	14,557	14,152	15,777	16,618	17,155	15,901	14,777	16,310	16,452	17,506	19,347	21,041	
new liability count	26,701	25,419	27,835	30,572	25,691	25,108	21,914	23,494	22,348	24,551	27,714	25,854	
Average liability	1,554	2,026	2,296	1,593	1,748	1,589	3,067	2,860	2,882	3,018	3,247	3,899	

Excludes accounts in protest and abeyance.

Collections are actual dollars collected.

Adjustments primarily reflect actual returns filed by businesses that have had estimated taxes assessed.

A liability is defined as a single tax period.

An account is defined as the total of all liabilities for a specific taxpayer.

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Sales Tax Delinquencies & Annual Write- offs

Fiscal Year	Accounts	Amount
2007	165	\$ 1,426,998.41
2008	227	\$ 1,079,631.09
2009	255	\$ 1,837,580.11
2010	232	\$ 1,574,425.25
2011	45	\$ 780,807.26
2012 YTD	221	\$ 3,615,085.43

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Assessment & Collection Process

- **Businesses file a return but do not remit tax**
 - Amount is known; quickly assess and proceed to collection process
- **Businesses fail to file a return**
 - Amount not known; begin phone contact
 - No later than 3 weeks begin estimating assessment, continue calls, and send demand letters
 - No later than 8 weeks send estimated assessment and begin dunning:
 - Levies, garnishments, liens, vehicle registration, professional license sanctions,
 - Substantially delinquent – permit revocation and possible criminal sanctions

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Staffing and ROI

IDR Overall

Year	FTEs
2000	458
2001	422
2002	373
2003	359
2004	354
2005	369
2006	373
2007	362
2008	389
2009	374
2010	313
<u>2011</u>	<u>297</u>
Change	-35%

Collections Employees Collections Contractors

Year	FTEs
2000	77
2011	67

Year	FTEs
2000	35
2011	35

FY 2011 ROI

Total Collections	\$158,410,832
Total Costs	\$13,351,472
Cost to Collect	8.43%
\$\$/FTE/Hour	\$1,000+

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Legislative Needs

- Eliminate 20-day notice requirement
 - Delays assessment by three weeks
 - Causes confusion about appeal rights
- Automate bank levy process through FIDM
 - Currently manual/paper
 - One at a time
- We welcome other ideas!

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Questions and Comments

